



Department
for Education

Land and buildings collection tool

Completion guidance for academy trusts

10 July 2017

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Summary

This publication provides non-statutory guidance from the ESFA. It has been produced to help academy trusts complete the Land and Buildings Collection Tool (LBCT).

Expiry or review date

This guidance will be reviewed before September 2018.

Who is this publication for?

This guidance is for:

- Academy trust Accounting Officers
- Academy trust staff completing the LBCT

Who needs to fill in the LBCT?

The return needs to be completed by each academy trust and provide land and buildings details for each academy school operated by the academy trust as at 31 August 2017. If an academy school joined your academy trust on 1 September 2017 it will be accounted for in the LBCT next year.

The valuation form for new academy schools will still need to be completed within 6 weeks of opening. However those schools requiring a 5 year revaluation will not need to complete the valuation form as the data required will be taken from the LBCT.

Main points

Academy trusts are asked to note the following:

- The online LBCT will be used as the source data for the new sector land and buildings asset register maintained by the Department to support the Sector Annual Report & Accounts (SARA).
- LBCT data will be used to support decisions about whether land and buildings should be recognised in the SARA under the HM Treasury Financial Reporting Manual (FReM) not SORP. Academy trusts will retain the right to make their own local professional judgements on whether to recognise land and buildings in line with the SORP in their own accounts.

- SARA's land and building recognition criteria are different to that used in academy trust accounts (i.e. SORP) and hence we cannot rely on recognition decisions made in academy trusts own accounts.
- In any event, we would be unable to rely on academy trust's local recognition decisions since we are unable to demonstrate to management and NAO that the tests have been carried out in a standardised way across the sector by all academy trusts.
- Assurance over data quality will be from Accounting Officer sign off. No auditor sign off is required but in Church Academies sign off by the Diocese (or other Church Trustees) will be required.
- The LBCT will be available from 1 October 2017 and will need to be completed by 31 October 2017 so that the required recognition data can be included in our valuation process and the required SARA accounting treatment can be agreed with NAO.
- An excel workbook version of the LBCT is also available so that academy trusts can start now in collecting the information and documents required to complete the tool in October.

Part 1: the need for the LBCT

The Department currently has a limitation of scope qualification on its accounts for academy land and building recognition. The National Audit Office (NAO) is unsatisfied with the level of information held by the Department to support a blanket recognition of the sector's land and building assets. The separation of the sector from the Department's financial reporting from 2015/16 will not resolve NAO's concerns. Without a change in approach, the Department expects the 2015/16 SARA to receive the same limitation of scope qualification over the recognition of land and buildings. This qualification will continue to lead to significant criticism from the Public Accounts Committee, the Education Select Committee, NAO and other stakeholders.

Therefore, the Department is proposing to build a land and building asset register (LBR) for the academy sector that will support an academy level recognition test. It is intended that the LBR will hold sufficient information to inform and evidence the Department's decisions whether or not to recognise specific academy's land and building assets and also to withstand audit challenge by the NAO. The first stage in building the LBR will be to collect data at school level from all academy trusts via an online land and buildings collection tool.

1.1 The accounting requirements

The Department is accountable to Parliament for the financial results of the academies sector. Our expectation is that the NAO will qualify their audit opinion on the SARA, as the information the Department holds on land and buildings is not sufficient to support either their recognition or otherwise in the SARA. Parliament has paid significant attention to this audit qualification, which has also received media and press coverage. There is significant political and official will to create a reporting approach that meets Parliament's expectations.

As a government body, the Department is required to follow the FReM. This is determined by HM Treasury and requires the use of International Financial Reporting Standards (IFRSs) as adapted for the public sector context. It is different from the Charities SORP, and the specific differences create complexity for the overall consolidation process. One of the areas of difference is how an organisation should recognise and value its fixed assets:

- Under the Charities SORP, reporting entities have the option to value fixed assets, including land and buildings, at historic cost. Land and buildings are generally recognised in academy trust accounts at cost net of depreciation where they are held on a freehold or long leasehold basis.
- Under the FReM, reporting entities must report their fixed assets at a revalued amount. There are a number of ways to determine the fair value, but historic cost is not permitted. Whether or not to recognise all types of property occupied by

academies (including leasehold properties, licences and other forms of occupation) needs to be assessed using the criteria in *IAS 16 Property, Plant and Machinery* and *IAS 17 Leases* which differs from the equivalent criteria in FRS 102. Hence, we are not able to rely on whether or not land and buildings are recognised in the equivalent academy trust accounts.

Given that the majority of academy trusts report their land and buildings in their own accounts at historic cost, the Department must find a way to capture the information to avoid a valuation audit qualification in addition to the recognition qualification.

For the Department to assess whether a site should or should not be recognised, we require information on the arrangements in place for an academy trust to utilise their land and building assets. For example, whether they own them directly, lease them or are permitted to occupy land on a different basis. The NAO will test our recognition assessments and therefore, we require sufficient evidence to support an audit of these recognition tests, whether the asset is included or not in the SARA.

1.2 The LBCT

The Department is reliant on high quality financial information to be returned by academy trusts to meet its obligations to Parliament. We are committed to building an efficient, effective data collection process that is user-friendly. We are also committed to only asking academy trusts for information that is necessary and have determined a methodology for preparing the accounting data and disclosures that comply with the FReM.

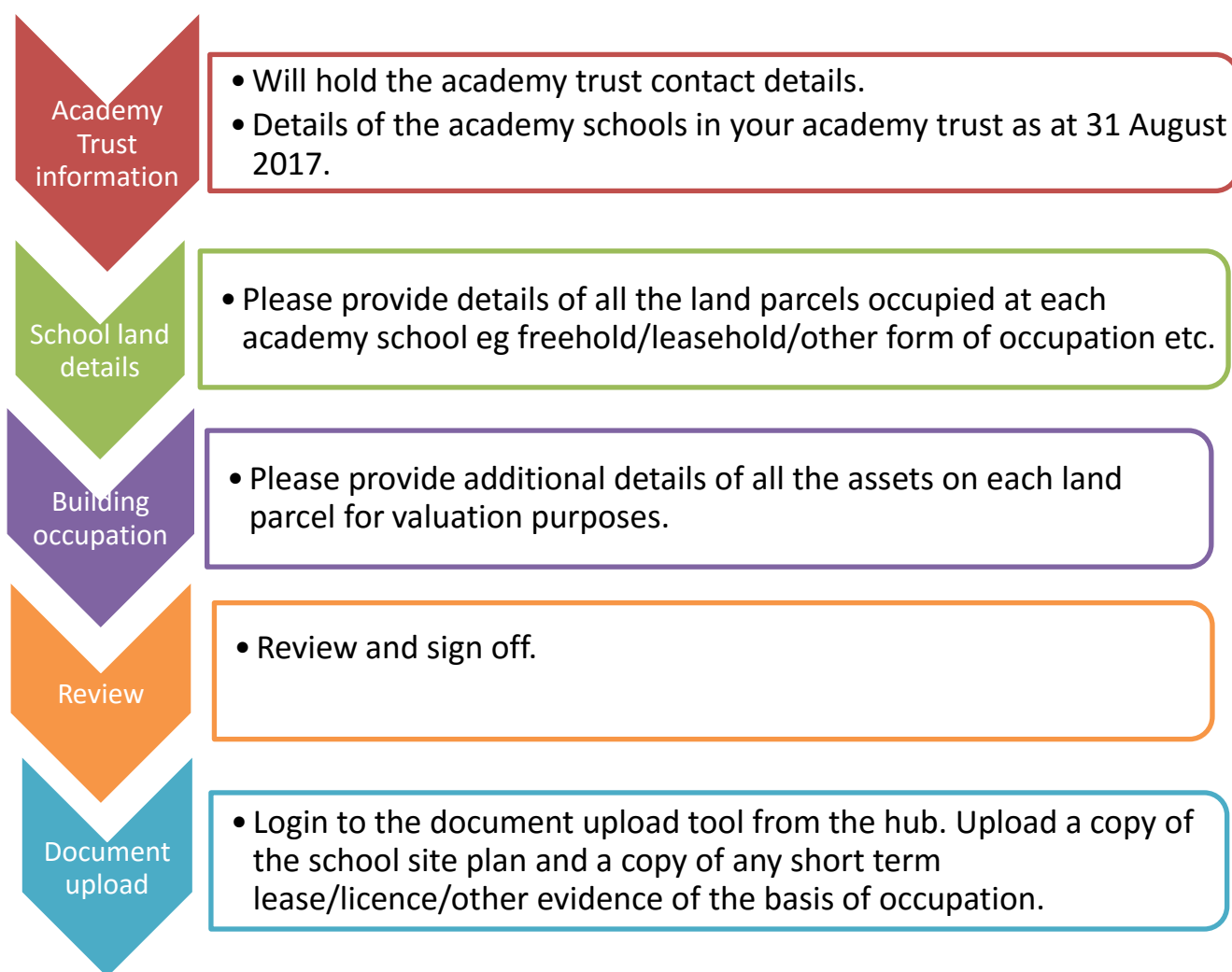
The LBCT will need to be completed during October 2017 for academy trusts to report their land and building position as at 31 August 2017. Provided data is readily to hand, experience from our pilot testing suggests that for most academy trusts the tool should be very quick to complete per school site and significantly less onerous for a school site that is entirely freehold or leasehold.

The submission date of 31 October (and hence earlier than the accounts return) is necessary due to the requirement for the Department to complete detailed asset recognition reviews on the submitted data. We will need to review all short term leases, licences and other forms of occupation, plus a number of other assets, and commission desktop valuations where required. This exercise will also undergo significant audit scrutiny given the large body of evidence. Therefore, from the time needed to make accounting assessments, feeding in information into the valuation process and allowing time for NAO review, it is our view that the only way to feasibly achieve a pre-recess timetable is to collect academy results in October.

Part 2: Completing the LBCT

The tool uses a series of drop down menus so that academy trusts only complete details that are relevant to them. Compulsory cells are shown by a *. It asks for a similar level of detail as the existing valuation form on the buildings present on each school site together with additional questions on their ownership / occupation. For leasehold and licence properties, there will be some additional questions on the lease/licence term, lease/licence payments, and key lease terms as required for us to complete an IAS 17 assessment leading to a decision on asset recognition. Brief completion details for each cell are also provided as 'hover text' within the tool for each question.

The overall format of the tool is:



2.1 The excel workbook

In feedback to initial proposals for the completion of the LBCT, sector representatives have expressed a preference for an excel workbook version of the LBCT questions which is available from 7 July 2017. The workbook is here:

<https://www.gov.uk/guidance/academies-financial-returns>

This workbook can be used at any time by academy trusts as a means of collecting together the information and documents required in advance of entering the data in the online tool. The workbook may be particularly useful to MATs who could send it to each of their schools for completion before the LBCT is completed by the MAT. This guidance can also be used for completion of the workbook.

Completion of the workbook is optional. The workbook is provided purely to assist academy trusts in completing the online LBCT. The workbook is not submitted to the ESFA and is for your own internal use.

2.2 Login and access to the tool

The LBCT uses the same login details as the Accounts Return. Academy trust employees that need access to the online form will need to register on the Hub, which provides online services for use by organisations working with the ESFA. Information on how to register, how to recover a forgotten password and further information on the roles is contained in the guide 'setting up the Hub for the accounts return.'

<https://www.gov.uk/government/publications/academies-august-accounts-return-template-and-guide>

The online form is accessed as follows:

- logging onto the Hub at <https://hub.fasst.org.uk/Pages/default.aspx> and selecting 'sign in' at the very top right hand corner of the webpage.
- entering their Hub userID or email address, followed by their hub password and pressing 'sign in.'
- clicking on the grey 'Form Services' tab.

2.3 Academy trust Information

After login you will be taken to the Academy Trust Information screen. This should be pre-populated with the Academy Trust Name, Academy Trust UPIN together with the academy school name, UPIN, academy type, date of conversion and contact details for each of the schools within your Academy Trust as at 31 August 2017. If a school transferred to your academy trust on 1 September 2017 it will not be shown in the return. Please contact us by submitting a [Service Request](#) if any schools are missing or there are schools shown which are not part of your academy trust.

You can overwrite the contact name, phone number and email shown with your current contact details. There is a 'notes' section for you to advise us of any other changes which need to be made to the academy trust information. Once completed, the preparer will then be asked to provide details of the land and buildings at each school site in the order presented on this page.

Please also tick the box if you have any land and buildings which are not part of an academy school. These could be a separate headquarters site for a MAT or an investment property. You will be prompted to provide details of these later in the tool.

2.4 Entry of occupation types

For each academy school you are now asked to specify how the academy trust occupies each part of the school site. Please select the appropriate occupation types from the dropdown menu:

Occupation types:

- Freehold – where the site is owned by the academy trust
- Leasehold – where the site is leased from a third party such as the Local Authority or other provider. Use this category when you know that a formal signed lease agreement is in place.
- Church owned land – where a Church body (the Academy's Trustees) retains ownership of the land and buildings and allows the academy trust to use the land and buildings to conduct a Church academy. There will usually be a Supplemental Agreement between the Church body and DfE to make school land and buildings available to you subject to a minimum notice period of two years.
- Licence – any agreement (other than a lease) allowing you to occupy the site.
- Customary occupation – any other standing arrangement allowing you to occupy the site informally. This occupation type is not relevant to Church of England / Catholic schools.
- Other – any other occupation route, for which you will be asked to provide more details later in the tool.

Some Local Authorities (LA) have entered into Private Finance Initiatives (PFI) with the private sector for school buildings which are now used by an academy trust. The PFI agreement may cover the whole school site or just certain buildings and will typically be for 25 years. The PFI agreement will normally be between the LA and the PFI provider. There will usually be a sublease between the LA and the academy trust covering the school land and buildings and it is this agreement which needs to be reported in the LBCT in the leases category.

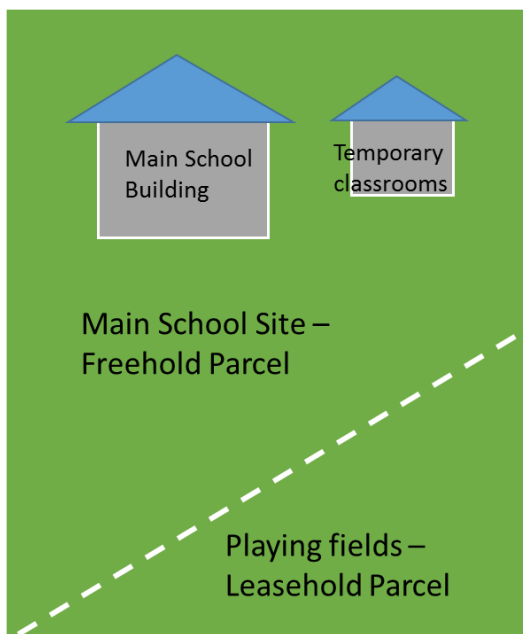
In the 'description of site' include a brief description of the part of the school site covered by each occupation type. This description should be meaningful to you eg main school site, playing fields etc as it will be used in the next screens in the tool. If some of the school site is occupied by another occupation type please add this in the row below. PFI land and buildings should be separately flagged in the 'description' field.

The date acquired or occupied is the date the asset was acquired or occupied by the academy trust for use. In most cases this will be the date of conversion of the school to an academy or later if the site came after the academy first opened. If easier the date can be typed in rather than scrolling through the calendar (the tool does not go back further than 1 January 1800 - for dates older than this, please use 1 January 1800).

You will then be asked whether you have uploaded documents related to each occupation route and a school site plan. The upload facility is now accessed separately from the hub login screen. Please answer 'yes' to these questions if you are able to upload documents after completing the tool. Details on how to use the upload facility is explained in section 2.8 below.

'Add new instances' until all the occupation types for the full school site have been entered.

A completed example for the following fictitious 'Coventry Free School':







The Classification Group Collection screen for the above school should be completed as follows:

Classification Group Collection for Coventry Free School

Screen 1 of 2 ▼

Guidance Notes will be inserted here.

Occupation:	Description of site:	Land Registry title deed number if known:	Date acquired or donated:
Freehold ▼	Main School Plot	TKG674321F	01/01/2011  
Leasehold ▼	Playing Fields		08/06/2015  
Add New Instance			

Have all documents related to the occupation types been uploaded? *

☒ Yes ☐ No

Has the site plan been uploaded? *

☒ Yes ☐ No

Back

Next

Depending on the occupation route selected, some additional questions will be asked to inform our recognition and valuation tests:

Additional leasehold questions

This is potentially the most complex part of the LBCT. The answers to these questions will enable us to apply the recognition criteria in IAS 17 to your particular lease.

Enter the landlord name, length of the lease at the time of signing, monthly payment in pounds. A peppercorn rent is a small nominal token rent which remains fixed for the whole term of the lease. For our purposes any rent below £100 per annum can be considered to be a peppercorn rent. The standard lease from a local authority for an academy converter school will be for 125 years and for a peppercorn rent.

In the lease details section enter amounts for the monthly payments and **leave blank any cells which are not applicable**. The amounts for any initial premium, payment holiday, initial fees and termination fees are usually only applicable to commercial leases and will be specified in the lease if they are applicable. Most longer term commercial leases will also have a break clause every 5 -10 years.

The details for initial capital value and final balloon payment are applicable to hire purchase type agreements where the academy trust would have the option to purchase the assets at the end of the lease term. We expect such agreements to be quite rare. Any amounts required here will be specified in the lease agreement.

The next section asks for details of what happens to the assets at the end of the lease term or if it is terminated early. Usually assets will revert to the lessor but there may be

an option for the academy trust to renew the lease or purchase the assets at below market value at the end of the lease term.

For the example school above with leasehold playing fields, the screen could be completed as follows:

Stage 1: Contact Information Col... ✓ Stage 2: Asset Collection / Stage 3: Review and Submission

Classification Group Collection for Playing Fields of Occupation

Screen 6 of 8

Type Leasehold

Guidance Notes will be inserted here.

Please enter all currency amounts in £s with no pence.

What is the reason that the occupation type was acquired or donate? *

Transferred on Conversion

Landlord name: *

Coventry City Council

Original lease length: Years? * Months? * Monthly payment amount: *

25 0 Peppercorn? £200

lease details

Initial capital value: Initial premium: Initial payment holiday (months): Final balloon payment:

£ £ £ £

Initial fees: Termination fees: Period to first break clause (months):

£ £

At the end of the lease, do you (Coventry Central Trust) have the option to purchase the asset at a below market rate? *

☐ Yes ☒ No

Are the majority of land and buildings leased under this agreement for educational use? *

☒ Yes ☐ No

If the lease is terminated early, who would pay any cancellation or break fees? *

Lessee (Coventry Central Trust)

When the lease ends, who retains the asset? *

Lessor (Coventry City Council)

When your lease ends, will you (Coventry Central Trust) be able to continue to lease at a rent lower than market value? *

☐ Yes ☒ No

Back Next

Additional church owned land questions

Church owned land is where a Church body retains ownership of the land and building assets and allows the academy trust to use them to conduct a Church Academy. This will usually be evidenced by a 'Church Supplemental Agreement' within which the Church body gives certain undertakings to the Secretary of State relating to the academy's occupation of the land. You do not need to upload a copy of this agreement as this will already be held by the DfE.

Additional licence/ other occupation route questions

For these occupation routes, questions similar to the leasehold questions outlined above will need to be answered. Please leave blank any which are not applicable to your particular arrangement. We expect that very few will need to use the 'other' category – please explain in the free text box the reason for choosing this category.

2.5 Asset collection for each occupation type

On this screen you are asked to provide details of the land and building assets held on each land occupation type entered in the previous screens. Please select whether the asset is land, building or an alteration of non-freehold land / buildings (ie an additional building or other capital improvements you have made to non-freehold land or buildings, often referred to as a leasehold improvement from an accounting perspective).

As a minimum there should normally be an entry for the land asset for each occupation type. Please also enter details for each building on that site and use a description which is meaningful to you (eg Science Block, Arts Centre etc), which links back to your site plan/ map. It is important that all buildings on the site are accounted for – even if they are not all used for educational purposes.

How to identify separate buildings

In most cases, buildings will be identified on your site plan/ map based on how you use them on a daily basis. Please identify separate buildings using this decision process:

- If you could walk around the building excluding the presence of any boundary fences or covered walkways, please show this as a separate building.
- If a block consists of two buildings built at different times which share a wall but there is no internal access between the buildings – please show as two buildings.
- If the block has internal access between two buildings built at significantly different times (eg 1960s building joined to a Victorian building) – please show as two buildings.
- If the block has internal access between the buildings but they are used for different functions (eg classrooms and a main hall) – please show as two buildings.
- If the block has internal access between two buildings built at similar times (eg 1960s building joined to a 1950s building) and they have both have the same function – please show as one building.

Please also specify whether the accommodation type is permanent or temporary (5 years or less). Most will be permanent but temporary accommodation could be portacabins or other temporary structures and buildings about to be demolished. Also some schools may be on a temporary site until a permanent site can be secured. Please ignore any storage sheds or buildings/ structures which are not part of your school such as electric substations and other utility company equipment unless you receive rental income from them.

Any car park surfacing or a multi use games area (MUGA) on a sports field does not count as a 'building.'

Please click on the tick boxes if any assets have been subject to capital improvements or there are assets under construction as at 31 August 2017. This will enable us to link up this data with the relevant parts of your accounts return.

'Add new instances' until all the assets situated on this land occupation type have been entered.

For the example school, the Asset Collection Screen could be completed as follows:

Stage 1: Contact Information Col... ✓

Stage 2: Asset Collection ✎

Stage 3: Review and Submission

Asset Collection for Playing fields of Coventry Free School

Screen 5 of 9 ▼

[Guidance Notes will be inserted here.](#)

Asset classification:	Asset description:	Accommodation type:	Capital improvements in year:	Asset under construction:
Land ▼	Main School Plot	<input checked="" type="radio"/> Permanent <input type="radio"/> Temporary	<input type="checkbox"/>	<input type="checkbox"/> ✕
Building ▼	Main School building	<input checked="" type="radio"/> Permanent <input type="radio"/> Temporary	<input type="checkbox"/>	<input type="checkbox"/> ✕
Building ▼	Temporary classrooms	<input type="radio"/> Permanent <input checked="" type="radio"/> Temporary	<input type="checkbox"/>	<input type="checkbox"/> ✕

Add New Instance

☒ Have all assets been entered for Playing fields of Coventry Free School?

Back

Next

2.6 Asset questions

On this screen you will be asked some additional questions on each asset entered on the previous screen. The purpose of these questions is to provide additional information to assist the valuer. The questions are similar to what is currently asked on the academies valuation form.

For freehold land, there are three additional questions on whether the freehold asset is sublet, unused or disposed of in the year. Please select the appropriate options.

Please select a category which describes the primary use of the building from the drop down menu. If a building has multiple uses please select the mixed use option. If the building consists of classrooms, please tell us the number.

Please specify the number of floors/ storeys in use at the building. The valuer will use an online mapping tool to calculate the overall size/ footprint of the building but will not be able to assess the height of the building without this information.

Please advise us of the approximate year the building was constructed. If you know the decade but not the exact year just put the mid point eg for a 1960s building please show as 1965. The purpose of this question is to provide information for the depreciation calculation.

Finally please advise whether the land/ building is sublet or whether it is unused/ empty and is therefore not in educational use. Subletting is where all or part of the asset is sublet such that the school does not have the use of the asset during the sublet period. This could be where a building/ part of a building is sublet to a Nursery or possibly a convent in the case of church school. It does not include the hiring out of facilities to local clubs/ organisations outside of normal school hours.

If the land/ building has been disposed of during 2016-17 please advise us of the month and method of disposal (eg sold or demolished).

The asset information for the main school building in the example above could be completed as follows:

Stage 1: Contact Information Col... ✓

Stage 2: Asset Collection

Stage 3: Review and Submission

Additional Asset Information for Some Land of Asset Collection

Screen 3 of 6 ▼

for Main School plot of Coventry Free School

[Guidance Notes will be inserted here.](#)

Is the asset let/sublet? *

☒ Yes ☐ No

Let/sublet to: *

Bill Holmes

Length remaining on lease or sublease:

Years *

2

Months *

5 ▼

Is the asset unused? *

☐ Yes ☒ No

Has occupation ceased in the year? *

☐ Yes ☒ No

Back

Next

2.7 Completion of submission

Once all schools have been completed you will reach the review screen. This will present a summary of all the occupation types by school which have previously been entered. Please review the summary and if any are incorrect, please go back to the appropriate occupation type and correct the entry. Preparers will then submit these assets for review

by the Accounting Officer. The academy trust Accounting Officer will now need to login to the LBCT, review/ amend the data entered and submit the return to the ESFA.

In the case of church academies the Diocese will be required to approve the submission.

The review screen for the example academy trust above would appear as:

Stage 1: Contact Information Col... ✓

Stage 2: Asset Collection ✓

Stage 3: Review and Submission ✎

Review Screen

Screen 1 of 3 ▼

Please review the summary table below.

Academy/Central Trust	Occupation Type	Occupation Description	Asset type	Asset Description
Coventry Free School	Freehold	Main school plot	Land	main school plot
Coventry Free School	Freehold	Main school plot	Building	main school building
Coventry Free School	Freehold	Main school plot	Building	Temporary classrooms
Coventry Free School	Leasehold	Playing Fields	Land	Playing fields
Coventry Primary School	Leasehold	main site	Land	main site
Coventry Primary School	Leasehold	main site	Building	main building

As the preparer, do you confirm that the assets are complete and correct? *

☒ Yes ☐ No

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Next

If any changes are needed you can click the back buttons to go back through the screens or click on the tabs at the top to jump back to a particular section.

After checking that these details are correct, clicking next brings the submission screen:

Stage 1: Contact Information Col... ✓

Stage 2: Asset Collection ✓

Stage 3: Review and Submission ✎

Submission Screen

Screen 2 of 3 ▼

Do you want to submit to Accounting Officer (AO) for approval? *

☒ Yes ☐ No

Please click the submit button to submit all of the information to the ESFA.

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Submit

Clicking submit brings the final screen:

Done

Screen 3 of 3 ▼

Your data is now available for your Accounting Officer to review. Please notify your Accounting Officer that they may now log in and review this information for formal submission to the ESFA. Please note, your data has not yet formally been submitted to the ESFA in final form and still requires Accounting Officer sign off.

Please close your browser window or click the 'Redirect' button below to be taken back to the login screen.

[Back](#)

The Accounting Officer will now need to login, check the details are correct and submit the return to the ESFA. No further sign-off, e.g. auditor, is required except for Church academies in which sign-off by the Diocese is required.

2.8 Document uploads

At the Hub Login screen (see section 2.2 above), please click on the document upload icon. There may be documents placed in the academy trust/ academy school folders by the ESFA which could include Land Registry title documents for freehold/ long leasehold land and a Church Supplemental Agreement (if relevant). Please check that these documents are applicable to your academy trust and are still current.

All schools should upload a copy of the school site plan so that we can understand the context for the occupation types you have entered in the LBCT. If you have more than one occupation type it would be helpful if you could annotate the plan to show the boundaries of the occupation types. The site plan will also assist the valuer during the valuation of the school land and buildings. We found on our pilot testing that all schools had an internal site plan for use by visitors, new staff and pupils. This plan should also be sufficient for our purposes.

If relevant, please upload a PDF copy of the signed agreements for any non LA leaseholds, licences and other occupation routes. If you are unable to upload a document please give the reason(s) in the LBCT.

2.9 What happens next?

The data and supporting documents you have submitted will be reviewed by ESFA staff to determine whether your academy trust land and buildings should be recognised/ not recognised in the SARA accounts. In the case of freehold and long leasehold properties this will be a straightforward decision. We may need to contact you by telephone or email if there are any queries with your data. We expect that most of this validation and assessment work will be completed from November 2017 to January 2018.

Data submitted by academy trusts in the LBCT and the Department's validation and assessment work which follows, is subject to audit. Consequently it is possible that we may need to contact you (via the Diocese in the case of Church academies) to answer queries or collate further evidence on a sample basis. We request that you respond as promptly as possible to any requests for additional information.



Department
for Education

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